G.R.S. IX—5]

Previous references. 1922. **File No.** 26 of 22

Govt 58-21-(1-2)
M 38-17-(3-7)
H 38-17-(1-2)

(Govt)

Serial Nos. 1-3

Later references.

Previous

(23)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 3

Part B for 1922

SUBJECT

Mineral licenses and leases applied for and held by (1) the North Kolar Gold Syndicate (2) the Kadur Shimoga Gold Syndicate (3) the New Shimoga Gold Fields Ltd (4) the Eastern Development Corporation, Ltd.

Printed on the Multigraph.

1110.

G. R. S. 11] 1922

GENERAL AND REVENUE SECRETARIAT.

(Geol)

NOTES.

File No. 26-22

FILE HEADING.

Mineral licenses & leases applied for & held by (1) M/s North Kolar Gold Syndicate (2) M/s Kadur Shimoga Gold Field Syndicate (3) M/s New Shimoga Gold Field ~~Syndicate~~ Ltd & (4) M/s Salem Development Corporation Ltd.

From

The Director, Dept of Geology

No. 343 Dated 31-8-22 Received 1-9-22

Diary No. 1110.	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Suggests that it is desirable to ascertain whether M/s applics are willing to accept the conditions imposed in respect of the grant licenses & leases applied for by them before further actions can be taken in the matter.

NOTES AND ORDERS.

Submitted with references for orders.

AAS 8-9-22

The following points are for orders:-

(1) Whether the word "a special case" occurring in para 4 of the G.O. 827 dated relating to the North Kolar Gold Syndicate

5 files only
not observed
Subd Ref
Addl Letter
Hag P

NOTES—First Sheet.

Serial No.

shall be deleted. The Director has not interpreted the words correctly. These words do not refer to the area over which the lease is granted but refer to the grant of the lease itself which is given as a special case. This will be clear from a comparison with para 6 of the Govt. of India letter to the Eastern Development Corporation etc.

Flag Q

(2) In this connection the Director has again recommended the grant of a license over one square mile, referring to his former recommendation made by him on a previous occasion. This has after careful consideration been refused by Govt. and there does not appear to be any reason to reconsider the decision now.

(3) Whether the levy of the ~~additional~~ royalty at the rate of 7½% ~~instead of 5% on the divisible profits~~ on the divisible profits in addition to the usual rate of royalty as per according to Schedule A of the rules of May 1920 is sustainable when the Director

*Flag Y

Serial No.

Flag H

of the Govt of India Accordg to the strict interpretation of para 3 of the Residency letter of 4 Novr 1909 this would require the sanction of the Govt of India. But it may be contended that what the Govt is anxious to secure is not any additional revenue by means of enhanced royalty but some interest in the concern itself. And on this view it has been suggested that the Co should pay the Govt 10% of its shares or in the alternative any the enhanced rate of royalty. If the latter view is accepted there will not be any necessity for a reference to the Govt of India.

Flag Y

(4) If the word "Enhanced rate" are taken to mean 7½% instead of 5% on divisible profits prescribed in Schedule A then the position taken in (3) above will not be sustainable. It would be perhaps safer to treat the levy of 7½% royalty on divisible profits as an alternative towards part participation in the Share Capital of the Company as an existing

NOTE—Contn. sheet.

1110

G. R. S. III-21

General and Revenue Secretariat. | Geol File No. 26 of 1922.

Serial No.

different proposition from that of "gold" as the new mention of "gold" may render a reference to the first Article absolutely essential.

3 This would mean a slight revision of the Council Resolution as also of the ~~draft~~ G.O. based on it. The alternative about the levy of gold dues in 7½ to may be left out altogether.

4 No Director has yet Communicated his views to the Companies concerned yet.

Yrs affly.

Mcf

9-9-22

GL Secy

5 Instead of altogether deleting the words "as a special case" occurring in the ~~draft~~ G.O, the idea ~~that~~ may perhaps be amplified and explained by stating that though gold continues to be a reserved mineral, an exception will be made in the present case in a

NOTE—Contn. sheet.

1110

G. R. S. III-2}

General and Revenue Secretariat. | Geo C File No. 26 of 1922.

Serial No.

10 per cent of the Shares are given to Government in consideration of making the exception. The reference to the enhanced royalty as an alternative may perhaps be omitted and the G.O may perhaps issue only after obtaining the Consent of the Company to give 10 per cent of the Shares in addition to the normal royalty.

Just Member

11/9/22

Mr

2141-281
12.9.22

Mr Reeves in the notes above the Exceptional treatment given is the grant of a mining lease in respect of this mineral as it is a reserved mineral at present. This can be made clear to the Director. As regards the question of allotment of shares, or, in the alternative, payment of royalty at an Enhanced rate, it seems to me that the position is not quite clear, with reference to the communication of 1909 from the Residency. There are two centres open. We can either make

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. 26 of 1922

Serial No.

a formal intimation to the Residency & then communicate the order to the Company on consult the latter informally first & then intimate to the Residency. To my mind the former course appears to be the safer. With reference to the Directors doubt in the matter of the enhanced rate of royalty. My impression is that in case the Company do not feel inclined to allot 10 p.c of the shares to Govt. the alternative open to them would be to pay in addition to the normal royalty of 5 p.c. another sum calculated at 7½ p.c on the divisible profits.

Mr Brown.

Dewan
13.9.22

DEWAN'S OFFICE.
Rcd. on SEP 14 1922
No. 1807

B 14/9/22
MR

The ambiguity indicated by the Directors' solicitors could easily be removed by inserting the words "in addition to the royalty payable to Government under the Indian Mines Act" after the word "profits" in the 11th line of the 1st page of the draft agreement.

19.9

NOTE—Contn. sheet.

G. R. S. III-21

General and Revenue Secretariat.	Geo File No. 26 of 1922.

Serial No.

8
To The Chief Secretary
with compliments
23.9.22

9
Necessary papers
28/9

10
Supdt CB.
Please put up recent correspondence with G of I.
re: mining rules in Indian States (Chamber of Princes discussion)
28/9

11
Sub ? with P.V. file 85X-21
28/9

A

DEWAN'S OFFICE.
Read. on OCT 20 1922
Reg. No.

NOTE—Contn. sheet.

Genl 58:1
Gl Secy. 1
11

8

R. S. III-2a]

DEWAN'S MINUTE

General and Revenue Secretariat.

File No. 192 .

Date of submission	Date of Return	Date of issue of orders in the Secretariat	Remarks
		20 OCT 1922	

Urgent

12
Herein the file re purchasing
forage - as reported to the
Hon'ble A. G. real

Chief to ask Comptr - WT
20-10

DEWAN'S OFFICE.
Rcd. on OCT 20 1922
Reg. No. 2356

14th Oct
13
Matter is submitted
20/10

many questions are mixed up
in the file as detailed.
The Hospital Committee takes
the note of decision with the Dy
Secy the remarks of land
& the question of utilising that
area when - ~~with the~~ ~~Y Cure~~ ~~Deathwith~~ in
15 years ~~Hospital Committee~~ have the all
Urgent 20/10 details of Early Yrs. 10

WD. 2314—GPB—2000—28-6-22

G. R. S. III-2,

General and Revenue Secretariat. | GeolFile No. 26 of 19 22.

Serial No.

PP87-21 (1-8)

Submitted with reference to personal instructions:—

16 Literally interpreted, para 4 of First - - - - Assistant's letter No.7150 dated 4th November 1909 (Flag H) would appear to require a reference to the Residency whenever any lease is granted which is not in accordance with the rules approved by the Government of India.

17 But this requirement has to be read ~~xx~~ with the preceding portion of the paragraph and in accordance with the context. Thus interpreted it would mean that only such ~~violations of~~ departures from the rules as involve concessions in favour of private parties in excess of the concessions permitted by the rules need be referred to the Government of India. The present case is one not of greater concessions than the rules allow but of more drastic conditions than usual. In this view the previous sanction of the Government of India would appear to be unnecessary and a mere intimation may probably suffice.

Substantial

18 It is further submitted that the correspondence relating to mining concessions sought to be applied to the present instance is one of the pre-treaty days. The status of the Mysore Government has since changed under the Treaty and it is a matter for consideration whether the old understanding and conditions as to previous sanction &c., should continue without modification now.

19 Lastly it may be noted that the present outlook of the Government of India in these matters is

NOTE—Contn. sheet.

Serial No.

radically different from that in 1909. It will be apparent from correspondence ending with letter No. Pol.885 dated 25th March 1922 that all that is sought to be imposed on Indian States in connection with the mineral leases is to ensure that foreigners (non-British) do not acquire valuable rights in such States (Vide Summary of Rules in this behalf prepared for the Chamber of Princes (Flag A) Though the Government of India have not intimated their final acceptance of this summary, it may be presumed that it indicates generally the attitude of the Government in these matters at present.

20 Reference is invited also to Dewan's minute dt 20-10-22.

Compiled

Hm 1/11

21 Mr Lawrence's note explains my view as to the political aspect of the matter. (Please see Dewan's above (q & r))

Leases with Cos.

by 2/11 Hm 2/11

22 Perhaps in the circumstances now appearing, Consulting the Company informally is not necessary; this was an alternative considered by the First Member in his minute of 13.9.22 - Jamal

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | Genl File No. 26 of 1922.

Serial No.

intimation of the S.O & the Residency may perhaps be made first and the Communication of the order & the Company made sometime afterwards. The file will be ordd. & the Diwan as desired in his note of 19.9.22 after the minute of the First Member is recorded.

First Member

2/11/22

MG

3695-80

3.11.22

23

Secy. There is, to my mind, considerable force in the view put forward in the U. Secy's note of 1.11.22. The angle of vision as well as the position have changed considerably since the Residency communication of Nov 1909 was received. I do not know if a letter to the Residency is really called for in case the Coy is agreeable to the terms offered. After all the Coy is British & has its registered office in the State itself, if I am not mistaken.

Ref

6.11.22

24

Diwan

6/11/22

MG

NOTE—Contn. sheet.

1110

G R. S. III-2a]

DEWAN'S MINUTE.

General and Revenue Secretariat. Genl. File No. 26 1922.

Date of submission	Date of Return	Date of issue of orders in the Secretariat	Remarks
2/11/22	8/11/22		

The Company may be called upon to appear before Mr. Lewis Jackson. Receipts of Gold Mining has not been called for.

A | The order which has been referred to by the Govt. Pleader may be put in the file.

A general policy has to be followed in all cases. The Assistant agrees we may simply inform the R.M. of the change of policy which is not to increase the Concessions

HD
7-11

R. A-S. 8/11/22

I agree with Mr. Jackson

HS
8/11

G. R. S. III-2]

General and Revenue Secretariat. | Geol File No. 26 of 1922

Serial No.

30 Submitted with a draft.

9-11-22

31 Please put up a copy of G.O. & 6th Nov. re Collector of the Dewan + Bijapur Judge

Mun 13/11

32 The G.O. of 6.11.22 communicated is put up (X)

(X) Flag A

33 The word "as a special case" may be omitted as the reservation of posts has been withdrawn.

34 A draft letter to the Dewan is put up for approval.

Mun 13/11/22

G Sec

35 The draft is for approval

Asst Secretary

~~Dewan~~

15/11/22

4077-461

15.11.22

36 Draft approved

Rec

16.11.22

37 Some attempt should be made to Confirm the Draft as it is required for the Government

16/11

NOTE—Contn. sheet.

G. R. S. III-2)

General and Revenue Secretariat.

Geol File No. 26 of 1922

Serial No.	
2	To The Director Dept of Geology 3250 & 16-12-22 Request that enquiries may be made of the applicants if they are agreeable to the terms offered & that on receipt of their replies the same may be submitted to Govt for final orders. PWD.

Detached from Geol file no 3/-22 on 6-3-23 as directed by Govt Geologist
Put A.

& REV. SECRETARIAT
6 - MAR 1923
INDUSTRIES & COMMERCE

NOTE—Contn. sheet.

5761 15

G. R. S. III-2;

General and Revenue Secretariat. | Geol File No. 26 of 1922.

Serial No.	
3.	From the Offg Director of Geology 2215 & 22-6-23. Forwards a copy of bills received from the Secretary to the North Kolar Gold Syndicate stating that the Syndicate is unable to take up the lease offered as the terms are not acceptable. 38 Previous papers on the subject were submitted with D No 5501/ to the Hon'ble Member of Council on 19-6-23. Submitted in continuation. Attd. 28-6-23. 29.6.23
5564 & 2116.	39 Put up with previous reference on return of file. Or rather the Geologist and Syndicate must be mixed up with the Geologist & Mem'r Taylor Town. ~~Forward with~~ ~~papers to~~ The following be separated now & the present reference withdrawn. 29/6
	40 Submitted with connected papers. Attd. 5-7-23.
	41 In this original order granting this lease and the subsequent several letters please see flags A & B. In Note-Bk

NOTE—Contn. sheet.

G. R. S. III-2,

General and Revenue Secretariat.

Geol File No. 26 of 1927

Serial No.

Gold Syndicate have declined to take a lease on the terms proposed on 7/7/23 but their conditions are not attractive. The question may therefore have to be dropped

M.S. 7.7.23

193. 7.7.23.

2nd member for Dewan

The company are not willing to accept our terms. They have not however stated what modification they would require in our terms, probably because they do not propose to work the concession at present. In the circumstances the question may be dropped

Dewan. Ye. 16.7. 14/7/23

14/7/23 Mem 14/7

14/16/7/23 Mem 16/7

Submitted
If approved letter paper will be sent.

MS. 16-7-23. VS 16.7.23

DEWAN'S OFFICE. Recd. on JUL 12 1923 Reg. No. 308

GEN. & REV. SECRETARIAT 17 JUL 1923 INDUSTRIES & COMMERCE BRANCH.

NOTE—Contn. sheet.

1985-21 16239

M. G. D. 12.

Geol 26-21

No. 343 Dated, Bangalore, 31-8-1922

GEN. & REV. SECR. 1- SEP 1922 INDUSTRIES & COMMERCE BRANCH.

From

B. JAYA RAM, ESQUIRE, F.G.S.,
Director, Mysore Geological Department.

GEN & REV. SEC 31 AUG 1922

To

B. Venkoba Rao, Esq., B.A.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
General Department, Bangalore.

Sir,

With reference to para 4 of Government Order No.I.C.717-8/Geol.58-21-2, dated 27th July 1922, sanctioning the grant of a mining lease for gold to the North Kolar Gold Syndicate over a block of half a square mile of land comprised in their original prospecting license No.423 in the Kolar and Mulbagal Taluks, I have the honor to state that the condition prescribed in the order in regard to the payment to be made to Government by the lessees, in addition to royalty, appears to me to go beyond the maximum limits within which the Mysore Durbar are authorised by the Government of India to fix royalties (vide para 3 of Residency letter No.7159, dated 4th November 1909.) The maximum limit prescribed by the Government of India in respect of the royalty on gold and silver is :-

Five per cent of the gross sale value of the gold and silver plus five per cent of all net profits in excess of £ 25,000.

The rate of royalty payable on gold and silver under the Rules of May 1920, under which the mining lease has been sanctioned in favour of the North Kolar Gold Syndicate, is also the same, with the exception that no royalty

royalty is payable so long as the operations in connection with the mining block do not result in any net profits to the lessee.

2. The Government Order now under reference requires, in addition to the royalty ordinarily leviable as above under the Rules of May 1920, the payment of either fully paid up shares of the value of ten per cent of the share capital, or, an enhanced rate of royalty at 7½% on the dividends declared. The additional payment demanded will have the effect of exceeding the maximum limit prescribed by the Government of India and probably creating a departure from the usual practice and principle and would, therefore, require the sanction of that Government in accordance with para 4 of the Residency letter mentioned above. Before such sanction is applied for, it seems desirable to ascertain whether the North Kolar Gold Syndicate is prepared to accept a mining lease over a reduced area of only half a square mile of land and with the special condition in regard to the payment of shares or additional royalty on dividends. With due deference to the orders contained in para 4 of the Government Order, I beg to state that although it is stated that the Syndicate will, as a special case, be granted a mining lease over half a square mile of land, no special concession has been shown to the Syndicate inasmuch as they have only been allowed to exercise the option already given to them of taking out a mining lease under the existing rules. On the other hand, a special condition has been imposed requiring, in addition to the usual royalty, the payment of shares to Government or extra royalty on dividends. The levy of this additional payment would, in my opinion, be fair and reasonable only if the Government will relax the rules and grant the Syndicate a mining lease over the entire area of one square mile of land comprised in the original license. The necessity for the larger area has been clearly pointed out in my letter No.1110, dated 4th January 1922, and

is

is very convincing. I beg, therefore, to resubmit the matter to Government for such orders as may be deemed fit in the light of these circumstances.

3. Another matter which requires to be cleared up in this connection is in regard to the alternative payment of "an enhanced rate of royalty at 7½% on the dividends declared." The word "enhanced" appears to render the situation somewhat ambiguous. It is not understood whether a royalty of 7½% on the declared dividends is to be levied in addition to, or in lieu of, the royalty of five per cent of all net profits or divisible profits (which include declared dividends) in excess of £ 25,000 for each calendar year ordinarily charged under the existing Rules. I beg that this point may kindly be made clear.

4. The conditions laid down in this case having been prescribed also in respect of the mining leases claimable under the prospecting licenses sanctioned in Government Order No.I.C. 706-7/Geol.66-20-8, dated 27th July 1922, in favour of the (1) Kadur-Shimoga Gold Field Syndicate, Ltd., (2) New Shimoga Gold Field, Ltd. and (3) Eastern Development Corporation, Ltd., I would suggest that the offer of the prospecting licenses may also be deferred until the matters referred to in paras 2 and 3 supra are settled.

I have the honor to be,

Sir,

Your most obedient servant,

B. Jagannatha Rao

Director,

Mysore Geological Department.

cvv

G. R. S. VI—G/32]

SUBJECT.....

Diary No. of letter replied to 1110.

General and Revenue Secretariat

( )

, the 191 .

Date of issue 16th Nov 1922

Signed by Mr M. SIR Rao

Section Geol

File No. 26-22

Serial No 2

No. 3280

To The Director, Dept of Geology

Sir

With reference to your letter no 34 of 31-8-22 I am directed to state that the words "as a special case" occurring in paragraph 4 of Govt order of 27-7-22 do not refer to the area over which the lease is granted to the North Kolar Gold Syndicate but refers to the grant of the lease itself which was offered as a special case

As regards the question of granting to the North Kolar Gold Syndicate the lease over the area in question, I am to state that Govt do not consider that there are

over.

PWD

Mining Department

Para 2(1) of rules.

Para 2(1) of rules.

any reasons to reverse the orders already passed in the matter.

As regards the doubt expressed in the matter of the payment of an enhanced rate of royalty at 7½ % on the dividends declared, I am to state that, in case the applicants do not agree to allot 10% of the shares to Govt, the only alternative open to them would be to pay in addition to the usual royalty @ 5% a royalty calculated at 7½ % on the divisible profits.

I am to request that the enquiries may be made by the Collr whether the applicants are agreeable to the terms now offered and to report the result of their representations to Govt for final orders.

I have etc

13/11/22

16/11/22

Collr

16.11.22

List of enclosures.

Copied by

Examined by

Geol 26-22-3.

No. 2215 Encl. 1. Dated, Bangalore, 22nd June 1923.

DIARY NO 5741

From

A. M. SEN, Esquire, M.Sc., F.G.S., &c.,
Offg. Director, Mysore Geological Department.

44026

To

T. E. Jeyarama Aiyar, Esq., B.A., B.L.,
Revenue Secretary to the Government of
His Highness the Maharaja of Mysore
Bangalore.

Section.
Serial No.

GEN. SECRETARIAT
23 JUN 1923
INDUSTRIES & COMMERCE BRANCH

23 JUN 1923

Adverting to the last para of your letter No.I.C.3250/Geol.26-22-2, dated 16th November 1922, in re. the grant of a mining lease for gold to the North Kolar Gold Syndicate over a block of land in the Kolar and Mulbagal Taluks, subject to certain conditions, I have the honour to forward herewith for the information of Government a copy of letter, dated 18th June 1923, from Mr. R. T. Coggan, the Secretary to the Syndicate, stating that the Syndicate is unable to take up the lease offered as the terms are not acceptable to the capitalists who are prepared to finance the concern.

I have the honour to be,
Sir,
Your most obedient servant,

A. M. Sen

Offg. Director,
Mysore Geological Department

NVN/

Letter, dated 18th June 1923, from R.T. Coggan, Esq., 5. St. Johns Churhh Road, St. Johns Hill, Bangalore, to the Director, Mysore Geological Department.

I have the honour to acknowledge receipt of your No.1466, dated the 1st March 1923, and to state that having now heard from the capitalists who were prepared to put up money to the effect that the terms on which the Government of His Highness the Maharaja of Mysore will grant a mining lease for one square mile are not acceptable I am most reluctantly compelled to say that this Syndicate is unable to take up the lease offered.

After so many years and considerable expenditure it is a very keen disappointment to abandon Manighatta which we hoped would with further development on improved methods suggested by experience have proved remunerative to all interested.

Copy.

Offg. Director,
Mysore Geological Department.

C.N.